

# EXHIBIT I

**From:** Inserra, Sal [Sal.Inserra@crowe.com]  
**Sent:** 1/13/2023 7:55:19 AM  
**To:** Andrew Surry [asurry@silvergate.com]  
**CC:** Twitchell, Erin [Erin.Twitchell@crowe.com]; Kim, Bryant [Bryant.Kim@crowe.com]; Vander Zouwen, Josh [Josh.VanderZouwen@crowe.com]; Krople, Sara [sara.krople@crowe.com]; Lewter, Marty [marty.lewter@crowe.com]; Trivedi, K.T. [kshitiz.trivedi@crowe.com]; Denny-Rasmussen, Kristin [kristin.rasmussen@crowe.com]; Jamie Yamamoto [jyamamoto@silvergate.com]; Antonio Martino [amartino@silvergate.com]; Houlihan, Kevin M (WAS - X75269) [Kevin.Houlihan@hklaw.com]  
**Subject:** [EXTERNAL] Re: Earnings Release Redline

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I am good with the language in yellow.

As for the accounting for the sales in the first qtr, we will need to complete our audit procedures before I can comment on the appropriateness of the approach.

**Sal Inserra**

Partner  
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A Pessimist sees the difficulty in every opportunity.  
 An Optimist sees the opportunity in every difficulty.

**From:** Andrew Surry <asurry@silvergate.com>  
**Sent:** Friday, January 13, 2023 10:14 AM  
**To:** Inserra, Sal <Sal.Inserra@crowe.com>  
**Cc:** Twitchell, Erin <Erin.Twitchell@crowe.com>; Kim, Bryant <Bryant.Kim@crowe.com>; Vander Zouwen, Josh <Josh.VanderZouwen@crowe.com>; Krople, Sara <sara.krople@crowe.com>; Lewter, Marty <marty.lewter@crowe.com>; Trivedi, K.T. <kshitiz.trivedi@crowe.com>; Denny-Rasmussen, Kristin <kristin.rasmussen@crowe.com>; Jamie Yamamoto <jyamamoto@silvergate.com>; Antonio Martino <amartino@silvergate.com>; Houlihan, Kevin M (WAS - X75269) <Kevin.Houlihan@hklaw.com>  
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Sal

Thanks for the comments. Here are my thoughts

**Quarterly commentary:**

Q1 – Q3 tax expense = \$31.1m

Q4 expense = \$(24.3)m

I see the Q4 amount as reversing the \$31.1m and then recording then expensing the opening deferred tax asset of \$6.5m. There is an element of return-to-provision true up in the 2022 expense that relates to 2021 so that portion of the expense does not get reversed. Hence we end at a full year \$6.7m expense. Perhaps we need to add a reference to the transition to the 100% VA. Do you agree with the following revised sentence:

The income tax benefit recorded in the fourth quarter of 2022 was due to the reversal of prior period income tax expense incurred during the first three quarters of the year partially offset by a charge from the transition to a 100% valuation allowance on deferred tax assets.

**Full Year Commentary**

I agree that the NOL element of the deferred tax balance is the balance that carry's forward – the \$342m is the total deferred tax balance and there are some temporary items in this that are not NOLs. I suggest we reword as follows:

Due to the uncertainty of future earnings, the deferred tax asset balance of \$342.0 million was subject to a 100% valuation allowance at December 31, 2022. The tax expense recorded in 2022 was primarily due to the transition to this valuation allowance, resulting in the expensing of the \$6.5 million deferred tax asset balance as of December 31, 2021. The deferred tax asset balance associated with net operating losses will carry forward indefinitely and can be utilized against 80% of future periods taxable income.

**Subsequent Security Sales**

We impaired 49 securities at 12/31/2022 based on the securities we anticipated selling in 2023 to generate \$1.7bn of cash flow. The impairments are recorded at a security level. The securities selected for anticipated sale were based on negative carry and individual security liquidity factors. Our actual sales to date has departed from this list – the 45 securities sold to date in January includes 5 securities that were not anticipated to be sold as on 12/31/2022. These account for a loss of \$6.8m. Allowing for this, the sales of the 40 securities that were impaired has generated a net small gain compared to the impaired values.

I am not sure we need to explain this in the earnings release – with such large sales it is reasonable to assume some over/under on the realization amounts and it also seems reasonable that the actual sold securities could differ from our plans as we work with our brokers to obtain best prices from willing buyers.

Happy to get your thoughts

Thanks

Andrew

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**From:** Inserra, Sal <Sal.Inserra@crowe.com>

**Sent:** Friday, January 13, 2023 6:07 AM

**To:** Andrew Surry <asurry@silvergate.com>

**Cc:** Twitchell, Erin <Erin.Twitchell@crowe.com>; Kim, Bryant <Bryant.Kim@crowe.com>; Vander Zouwen, Josh <Josh.VanderZouwen@crowe.com>; Krople, Sara <sara.krople@crowe.com>; Lewter, Marty <marty.lewter@crowe.com>; Trivedi, K.T. <kshitiz.trivedi@crowe.com>; Denny-Rasmussen, Kristin <kristin.rasmussen@crowe.com>

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Andrew - some follow-up comments.

I don't think this is a correct statement. The amount recorded was much greater than the tax exp for the previous 3 qtrs. I believe it was properly stated as initially written. It is the result of a valuation allowance. It was due to the benefit derived from the loss offset by the VA

expense and effective tax rate for the fourth quarter of 2022 compared to the third quarter of 2022 and the fourth quarter of 2021 was driven by losses incurred in the fourth quarter of 2022. The income tax credit benefit recorded in the fourth quarter of 2022 was limited by due to the need to record a 100% valuation allowance on deferred taxes assets reversal of prior period income tax expense incurred during the first three quarters of \$342.0 million the year.

I think this should say the deferred tax asset associated with the net operating losses will carry forward.... However it should also state that currently the future earnings are not certain. That is the reason for the VA.

2022. The tax expense recorded in 2022 was limited by primarily due to the need transition to record a 100% valuation allowance on resulting in the expensing of the \$6.5 million deferred tax asset balance as of December 31, 2021. The deferred taxes assets balance of \$342.0 million, at December 31, 2022 will carry forward indefinitely and can be utilized against 80% of future periods taxable income.

Re the sub events... It should explained why the 11mm charge was not in the Otti.

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